

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
INDUSTRIAL DEVELOPMENT BONDS**

Meeting Date: August 28, 2007

Request for Initial and Final Resolution for Tax Exempt Bond Approval

Prepared by: *Deanna Hamelin*

Issuer:	Industrial Development Authority of Alameda	Amount Requested:	\$2,675,000
Borrower:	Crawford & Irion, LLC	Application No.:	07-0014
User:	Unique Elevator Interiors, Inc.	IR & FR No.:	07-0014
Location:	City of Alameda, Alameda County		

Borrower/User/Background: Crawford & Irion, LLC (the “Borrower”) and Unique Elevator Interiors, Inc. (the “User”) (collectively the “Company”) were incorporated in California in the City of Oakland, California in June 2001. The Company, which is currently located in the City of Oakland, designs, manufactures, and installs custom elevator interiors using such materials as bronze, stainless steel, nickel, silver, and various types of exotic wood products. The Company’s major customers include Otis Elevator, Turner Construction, Spieker Properties, and Mitsubishi Elevator. Examples of the Company’s work are featured in various establishments within the San Francisco Bay Area, including The Fairmont Hotel, San Francisco City Hall, The Gap, and Oracle. In addition, the Company is a union shop offering above average wages to its workers, which include highly skilled metal fabricators and mill workers.

Further, the Company represents that it is the only elevator interior company in the United States that holds a Forest Stewardship Council (FSC) Chain of Custody Certificate from the Scientific Certification Systems.¹ According to the Company, this certification provides its customers with the opportunity to obtain Leadership in Energy and Environmental Design (LEED) credit when it uses the Company’s certified products in building construction. LEED is a sustainability rating system developed by the U.S. Green Building Council.²

¹ The following information was obtained from Scientific Certification System’s website: Scientific Certification Systems (SCS) “. . . is a leading third-party provider of certification, auditing and testing services, and standards. Our goal is to recognize the highest levels of performance in food safety and quality, environmental protection and social responsibility in the private and public sectors, and to stimulate continuous improvement in sustainable development. SCS developed its Forest Conservation Program in 1991 and has since emerged as a leading certifier of forest management operations and wood product manufacturers. In 1996, the Forest Stewardship Council (FSC) accredited SCS as a certification body, enabling it to evaluate forests according to the FSC Principles and Criteria for Forest Stewardship. Through a well-developed network of regional representatives and contractors, SCS offers timely and cost-effective certification services around the world. . . . Through our Chain-of-Custody Certification Division, SCS certifies wholesalers, manufacturers, distributors, and retailers, who handle wood coming from forests certified according to FSC standards. For FSC Chain-of-Custody certification SCS also provides group and multi-site certification. To become certified, these entities must meet six principles of chain-of-custody, such as maintaining adequate inventory control systems that allow for separation and identification of certified product. SCS requires the tracking of certified products throughout the production process to ensure the validity of the certified claim. If a wood product carries the FSC or SCS logo, a customer can have confidence that it was made from wood harvested from an FSC-certified forest.”

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Project Information: The Company currently leases and operates a 9,500 square-foot, single-story office and manufacturing facility in the City of Oakland. In order to accommodate the current needs and projected growth, and in order to improve its operating efficiency, the Company will use the bond proceeds to acquire a newly constructed 17,430 square foot building at 1930 North Loop Road in the City of Alameda (the “Project”). The Company is making some tenant improvements to the building to meet the needs of their operations which includes solar paneling on the roof and a loading dock. The new building will house the manufacturing operations and will accommodate 4,500 square feet of office space. In addition, bond proceeds will be used for the acquisition and installation of new equipment at the Alameda facility, including woodworking and metal fabrication equipment. The Project location is eight miles from the Company’s existing manufacturing facility in Oakland. Therefore, all employees will be retained and will transfer from the Oakland facility to the new facility in the City of Alameda.

Anticipated Timeline: Construction of the new building began in January 2007 and is anticipated to be completed by November 2007.

Prior Actions/Financing: The Company has no outstanding tax-exempt financings.

Statutory Criteria: 1) Public Benefits, 2) Relocation, and 3) Bond Issue Qualification. The points noted below have been awarded based on evaluation consistent with CDLAC guidelines. However, CDLAC does not require the evaluation of points for all statutory criteria.

PUBLIC BENEFITS: Consistent with CDLAC guidelines, staff has awarded a total of 30 verifiable points to the Project. Five of the 30 points assigned are based upon the creation of 41 jobs.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required): The Company will be relocating from the City of Oakland to the City of Alameda, a distance of approximately eight miles. The relocation is due to inadequate space at the Oakland facility and the Company’s inability to locate suitable space that is available in the City of Oakland. The Company provided a letter from the Business Development Services Manager for the Community and Economic Development Agency of the City of Oakland, which states that Oakland regrets that the Company was unable to find a suitable site in Oakland but that Oakland is pleased the Company has selected a site nearby and that it has access to IDB financing (see Attachment A).

QUALIFICATION OF BOND ISSUANCE (No point evaluation required): Based upon the proposed financial structure and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of

quality of life...Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. LEED gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings’ performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.”

the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

Status Of Permit/Other Required Approvals:

- The Industrial Development Authority of Alameda County approved the inducement Resolution in an aggregate amount not to exceed \$4,000,000 for the Project on July 12, 2007.
- A TEFRA hearing was held by the County of Alameda on July 31, 2007, and no comments in support of or opposition to the Project were received.
- The Company provided verification from the City of Alameda that the project meets local land use and zoning requirements and that all construction permits are in place.

Financing Details: The tax-exempt Industrial Development Bonds (IDBs) will be sold in a public offering. The bonds will be variable rate bonds repayable over a 25 year period, secured by an irrevocable Letter of Credit issued by Comerica Bank.

Financing team:

Issuer: Industrial Development Authority of Alameda County
Bond Counsel: Lofton & Jennings
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Progressive Capital

Legal Questionnaire: The Staff has reviewed the Borrower's/User's responses to the questions contained in the Legal Status portion of the Application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicants.

Recommendation: Staff recommends approval of Initial and Final Resolution No. 07-0014 for an amount not to exceed \$2,675,000 in tax-exempt bonds for Crawford & Irion LLC, subject to staff analysis and approval of final bond documents, including receipt of bond counsel opinion and CDLAC allocation approval as set forth in Initial and Final Resolution No. 07-0014.

BORROWER: CRAWFORD & IRION, LLC
USER: UNIQUE ELEVATOR INTERIORS, INC.
Bond Amount: \$2,675,000
City of Alameda (Alameda County)
Application No. 07-0014
August 28, 2007

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE:

On behalf of Crawford & Irion, LLC (the “Borrower”) and Unique Elevator Interiors, Inc. (the “User”) (collectively the “Company”), the Industrial Development Authority of Alameda County (“IDA” or the “Issuer”) requests approval of Initial and Final Resolution No. 07-0014 for an amount up to \$2,675,000. Bond proceeds will be used to finance the purchase and construction of a new, build-to-suit, 17,430 square-foot building in an existing industrial park. Proceeds will also be used for the acquisition of new equipment, which consists of woodworking and metal fabrication equipment.

CDLAC. The Company anticipates applying for CDLAC allocation at the September 26, 2007 CDLAC Board Meeting.

BORROWER/USER:

Crawford & Irion, LLC (the “Borrower”) and Unique Elevator Interiors, Inc. (the “User”) (collectively the “Company”) were incorporated in California in the City of Oakland, California in June 2001. The Company, which is currently located in the City of Oakland, designs, manufactures, and installs custom elevator interiors using such materials as bronze, stainless steel, nickel, silver, and various types of exotic wood products. The Company’s major customers include Otis Elevator, Turner Construction, Spieker Properties, and Mitsubishi Elevator. Examples of the Company’s work are featured in various establishments within the San Francisco Bay Area, including The Fairmont Hotel, San Francisco City Hall, The Gap, and Oracle. In addition, the Company is a union shop offering above average wages to its workers, which include highly skilled metal fabricators and mill workers.

Further, the Company represents that it is the only elevator interior company in the United States that holds a Forest Stewardship Council (FSC) Chain of Custody Certificate from the Scientific Certification Systems.³ According to the Company, this certification provides its customers with

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the opportunity to obtain Leadership in Energy and Environmental Design (LEED) credit when it uses the Company’s certified products in building construction. LEED is a sustainability rating system developed by the U.S. Green Building Council.⁴

The principal stockholders of the Company are as follows:

Thomas Irion	25%
Timothy Crawford	25%
Loretta Irion	25%
Donna Crawford.....	25%
Total:	<u>100%</u>

Legal Questionnaire. Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. The Company has no outstanding tax-exempt financings.

PROJECT INFORMATION:

The Company currently leases and operates a 9,500 square-foot, single-story office and manufacturing facility in the City of Oakland. In order to accommodate the current needs and projected growth, and in order to improve its operating efficiency, the Company will use the bond proceeds to acquire a newly constructed 17,430 square-foot building at 1930 North Loop Road in the City of Alameda (the “Project”). The Company is making some tenant improvements to the building to meet the needs of their operations which includes solar paneling on the roof and a loading dock. The new building will house the manufacturing operations and will accommodate 4,500 square feet of office space. In addition, bond proceeds will be used for the acquisition and installation of new equipment at the Alameda facility, including woodworking and metal fabrication equipment. The Project location is eight miles from the

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Company's existing manufacturing facility in Oakland. Therefore, all employees will be retained and will transfer from the Oakland facility to the new facility in the City of Alameda.

Anticipated Timeline. Construction of the new building began January 2007 and is anticipated to be completed by November 2007.

Status Of Permit/Other Required Approvals:

- The Industrial Development Authority of Alameda County approved the Inducement Resolution in an aggregate amount not to exceed \$4,000,000 for the Project on July 12, 2007.
- A TEFRA hearing was held by the County of Alameda on July 31, 2007, and no comments in support of or opposition to the Project were received.
- The Company provided verification from the City of Alameda that the project meets local land use and zoning requirements and that all construction permits are in place.

STATUTORY CRITERIA: 1) Public Benefits, 2) Relocation, and 3) Bond Issue Qualification. The points noted below have been awarded based on an evaluation consistent with CDLAC guidelines. However, CDLAC does not require the awarding of points for all statutory criteria.

- 1) **PUBLIC BENEFITS.** Staff has assigned a total of 30 verifiable points to the Project, which are detailed below:

Employment Benefits (Job Creation/Retention = (5 points): The Company currently employs 19 direct, full-time employees. Although no points were awarded for the retention of jobs, five points were awarded for the creation of jobs. The Company will retain its current workforce and anticipates creating an additional 41 positions, which will include four management positions, 34 skilled/semi-skilled positions, and three unskilled positions within two years of the completion of the Project. The creation of additional jobs translates into a ratio of one job for every \$65,243 in bond proceeds.

Welfare-to-Work Plan (5 points): The Company provided a letter from Mr. Chet Hewitt from the Alameda County Social Services Agency that verifies its participation in the Welfare to Work Program (see Attachment B).

Health Care Benefits (5 points): The Company provided verification of its contribution to the medical insurance coverage for 16 of its 19 employees and their families. The remaining three employees will be eligible for healthcare benefits once they have completed their probationary period. The Company's current contribution is \$962.15 per month for each participating employee.

Average Hourly Wage (5 points): The Company's average hourly wage is \$43.36, while the Metropolitan Statistical Area (MSA) for the Oakland/Fremont/Hayward area has an average manufacturing hourly wage of \$18.45. Therefore, the Company's hourly wage is 235% of the manufacturing hourly wage for the Oakland/Fremont/Hayward Area.

Land Use (5 points): The Company provided verification that the proposed Project will use vacant land with developed infrastructure.

Public Transit Corridor (5 points): The Company provided verification that the Project is located within a public transit corridor. The Alameda County (AC) Transit Route 50 is within two blocks of the Project site and includes evening service until 7:00 PM.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The Company will be relocating from the City of Oakland to the City of Alameda, a distance of approximately eight miles. The relocation is due to inadequate space at the Oakland facility and the Company's inability to locate suitable space that is available in the City of Oakland. The Company provided a letter from the Business Development Services Manager for the Community and Economic Development Agency of the City of Oakland, which states that Oakland regrets that the Company was unable to find a suitable site in Oakland but that Oakland is pleased the Company has selected a site nearby and that it has access to IDB financing (see Attachment A).
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed financial structure and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

FINANCING DETAILS:

The tax-exempt Industrial Development Bonds (IDBs) will be sold in a public offering. The bonds will be variable rate bonds repayable over a 25-year period, secured by an irrevocable Letter of Credit issued by Comerica Bank.

FINANCING TEAM:

Issuer: Alameda County Industrial Development Authority
Bond Counsel: Lofton & Jennings
Underwriter: Westhoff, Cone, & Holmstedt
Financial Advisor: Progressive Capital

RECOMMENDATION:

Staff recommends approval of Initial and Final Resolution No. 07-0014 in an amount not to exceed \$2,675,000 of tax-exempt bonds for Unique Elevator Interiors, Inc., which is contingent upon staff analysis and approval of final bond documents, including receipt of bond counsel's opinion and CDLAC allocation approval as set forth in the Initial and Final Resolution.

INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR No. 07-0014

WHEREAS, Industrial Development Authority of Alameda County (Authority) has transmitted the application of Crawford & Irion, LLC, (Applicant) for the issuance of \$2,675,000 of tax exempt bonds under the provisions of the California Industrial Development Financing Act, and has informed the California Industrial Development Financing Advisory Commission (the Commission) that it has adopted a resolution declaring its intention to issue such bonds and that the County of Alameda has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Authority; and

WHEREAS, the Commission has reviewed the application and the materials submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the acquisition of the facility described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the estimated principal amount of \$2,675,000; and

(b) use of the Project described in the application and the operation of the facility described in the application is reasonably necessary to prevent the relocation of substantial operations of the Applicant from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will apparently be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) that the final legal documents, when ready for execution, be submitted for review by Commission staff. Submitted documents shall include:

- (i) Loan Agreement,
- (ii) Indenture of Trust,
- (iii) Opinion of Bond Counsel,
- (iv) Bond Resolution,
- (v) Letter of Credit, and
- (vi) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;

Agenda Item – 4.A.3.

(b) that the Commission staff determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which the findings under Section 2. above are based;

(c) that the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);

(d) that the Commission receive all applicable fees prior to the issuance of the bonds or that bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(e) that the Applicant has agreed to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.

Attachment A



CITY OF OAKLAND

250 FRANK H. OGAWA PLAZA, SUITE 3315 • OAKLAND, CALIFORNIA 94612-2034

Community and Economic Development Agency
Business Development Division

(510) 238-3627
TDD (510) 839-6451

July 31, 2007

Attn: Joanie Jones Kelly
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, Ca 95814

Dear Mr. Sutton:

This is to inform you that the City of Oakland is aware that the Unique Elevator Interiors, Inc., which currently occupies an 8,800 square foot facility located at 740-B 105th Avenue in Oakland, has been found a building in the neighboring city of Alameda where it will have a 14,300 square foot facility constructed to its specifications and allow it to expand into one new, modern, efficient facility and accommodate the future growth of the company.

The City of Oakland regrets that the company was unable to find an expansion site in Oakland that met its requirements, but is pleased that they have selected an expansion site within 8 miles of its current location and thus will be close enough that current employees living in the City will be able to retain their jobs and that future hires may also be Oakland residents.

It is also glad that Unique Elevator Interiors will be able to utilize the State's Industrial Development Bond program – which is critical to helping manufacturers remain and be competitive in California.

Sincerely,

Aliza Gallo, Manager
Business Development Services

RECEIVED
CDLAC
07 JUL 31 PM 4:13

Attachment B



Chet P. Hewitt
Agency Director

Thomas L. Berkley Square
2000 San Pablo Avenue, Oakland, CA 94612
510-271-9100 / Fax: 510-271-9108
chewitt@co.alameda.ca.us
www.co.alameda.ca.us/assistance

August 10, 2007

Attn: Joanie Jones Kelly
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, Ca 95814

Dear Ms Jones Kelley:

The Unique Elevator Interiors, Inc. company is purchasing a new facility and expanding its operations in Alameda and has expressed an interest in having Alameda County's Welfare-to-Work program assist in identifying, screening and preparing CalWORKs clients to fill the estimated 3 unskilled and 34 skilled/semiskilled new jobs that the company hopes to create over the next two years.

Alameda County has staff assigned to work with the business to help make this important connection and make this new project a success for its CalWORKs clients as well as the business.

The linkage of the CalWORKs and the Industrial Development Bond program promotes self-sufficiency and stability; provides support to individuals and families; and fosters a workforce development system that increases the economic vitality and human potential of communities through public and private sector partnerships. Therefore Alameda County is committed to both of these initiatives and encourages the approval of the IDB for the Unique Elevator Interiors, Inc.

Sincerely,

A handwritten signature in black ink that reads "Chet P. Hewitt". The signature is written in a cursive, flowing style.

Chet P. Hewitt